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CENTRAL INTELLIGENCE AGENCY  
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DRAFT

SUBJECT: NIE 29.2-2-62: THE PROSPECTS FOR TURKEY

DISCUSSION

I. INTRODUCTION

1. The overthrow of the Democratic Party (DP) regime by of President Celal Bayar and Prime Minister Adnan Menderes by a military coup in May 1960 left Turkey's political structure in an unstable condition. The widespread acceptance which the military officers who ruled the country as the Committee of National Union (CNU) initially enjoyed was rapidly dissipated by the factionalism which developed among them, their failure to give the country decisive leadership, and their harshness toward the former officials of the DP. This situation was further complicated when the elections which the CNU ordered held in October 1961 gave the Republican People's Party (RPP) headed by Ismet Inonu --

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which had been the main opposition to the DP and which enjoyed the favor of most of the military -- only some 40 percent of the vote. Most of the remainder went to the newly formed Justice Party (JP) and New Turkey Party (NTP) whose supporters consisted mainly of former adherents of the disbanded DP.

2. Faced with what amounted to a repudiation of their rule and fearful that a return to uncontrolled parliamentary government would result in reprisals against them, the top military commanders forced the party leaders to name CNU Chairman General Cemal Gursel as President and RFP leader Inonu as Prime Minister of a coalition formed with the rival JP. Despite the extremely difficult situation in which Inonu had to operate, the experienced old politician began in the course of several months to edge the military into the background. When persistent JP demands for a complete amnesty for DP officials imprisoned during the CNU period obstructed all attempts at positive legislation, however, Inonu dissolved this unnatural coalition and formed a new one with the less militant NTP and the small Republican Peasants Nation Party (RPNP).

**II. POLITICAL SITUATION AND OUTLOOK****The Present Government**

3. While not numerically as strong in the Grand National Assembly as the earlier RFP-JP coalition, the second Inonu government

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represents a more rational expression of party interest and avoids the paralyzing effect of the pro- and anti-IP dichotomy of the earlier coalition.

## Present Membership in Parliament

Senate

Life		
( <del>status</del> ) Senators	20	
Presidential Appointees	15	
Republican People's Party	35	
Justice Party	61	
New Turkey Party	27	
Republican Peasant Nation Party	6	
Nation Party	8	
Independent	11	
Vacancies	<u>2</u>	
		total 185

Chamber of Deputies

Republican Peoples Party	173	
Justice Party	151	
New Turkey Party	59	
Republican Peasant Nation Party	31	
Nation Party	16	
Independent	14	
Vacancies	<u>6</u>	
		total 450

Moreover, informing this coalition Inonu extracted commitments from the NPP and the RPP to support a minimum program of action as well as agreement not to press issues which would excite the military and could provoke another coup. While there have been

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conflicts within the coalition, the parties have worked together reasonably effectively to date, and particularly since enactment of a partial amnesty for DP leaders most Turks grudgingly concede that this civilian government is the best possible under present circumstances.

4. At the same time, the concept of coalition government is still not well understood even by most politicians. There is a tendency among the coalition partners to resent Inonu's dominance of the government, which is in fact held together more by Inonu's skill and by the implicit threat of military intervention than by any real identity of views. In addition, the coalition members are aware that their popular mandate is questionable and they are consequently unwilling to undertake bold or controversial measures, particularly social reforms, which might arouse popular opposition.

5. In this situation, the coalition has clearly pinned its hopes, and indeed the stability of the democratic regime, on its success in promoting economic advance. A Five-Year Plan has been enacted and subsidiary tax legislation to provide its domestic financing is in preparation. Moreover, Turkey is counting heavily on its negotiations with a Western consortium for the foreign aid envisaged by the Five-Year Plan.

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Party Trends

6. Until the next elections, at least, the RPP under Inonu is likely to remain a key factor on the political scene. Inonu's recent move to suspend from the party for one year several prominent dissidents appears designed to bolster the position of the progressive elements in the RPP. While lacking any natural leader, these moderates now control the RPP's administrative machinery and seem sufficiently entrenched to withstand the attacks of the dissidents, at least as long as Inonu remains active, and to ease the contest over his succession when he retires. However, the RPP has lost vigor since its poor showing in the 1961 elections, and the lack of reforming zeal in the party is alienating many former supporters -- particularly among the intellectuals -- who believe Turkey must adopt more radical social and economic policies.

7. The RPP's coalition partners themselves can deliver little popular support for the government. Indeed, the future of these somewhat artificially created parties is questionable. Their deputies are united neither by tradition nor outlook, and their present parliamentary strength is due less to their own appeal than to the effects of proportional representation and the failure of the JP to organize in eastern Turkey. Negotiations have been underway for several months looking toward a merger of the RPP

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and the RPTP. While success of these efforts would result in a third major party in the current parliament -- particularly if it attracted the independents and moderate elements from the JP -- its success in future elections would still depend on developing stronger leadership.

8. The JP, on the other hand, is becoming ever more identified as the inheritor of the former DP mantle. With the victory of the so-called "extremist" wing of the JP at the national convention in December 1962, the party has become more openly committed to reviving the policies of the former DP. However, fear of military reprisals and desire to speed the withdrawal of the military from political life probably will cause the JP to continue to follow a path of cautious opposition in the near future. Nevertheless, the JP probably will attempt to preserve its image of vitality by opposing the government on economic issues and by urging a complete political amnesty. Also, influential JP officials may continue their probing of the military in hopes of finding a force which could protect the party in the event of a victory in the next elections.

Role of the Armed Forces

9. The military continues to regard itself as the guardian of the unity of the Turkish people and of Ataturk's ideals. The return to civilian government did not end the debate within the military on its proper role in assuring progressive reform.

Differences of approach have produced factionalism on all levels

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of the officer corps, which has been further complicated by an outburst of inter-service rivalry. However, the continuing interest of the senior generals in reimposing their authority coincides with the coalition government's desire to reestablish military discipline and weed out active plotters. As a result, the senior officers, led by General Sunay, Chief of the General Staff, and Lt. General Tansel, Chief of the Air Force, cooperated closely with the civilian government in suppressing an abortive uprising in February 1962. This success was followed in December 1962 by the purge of a powerful group within the air force which was plotting to oust Tansel as a step toward taking power and whose hostility toward the other services had aroused general antipathy.

10. Nevertheless, this reimposition of discipline is unlikely to mark the end of all military dissidence. There are indications that the socialistically inclined younger officers who participated in the February 1962 attempt have not completely abandoned their efforts. Plotting among active duty officers, however, is becoming increasingly risky as a result of the necessity of concealing this activity from Inonu's numerous sympathizers within the military. At the same time, the military is unlikely to withdraw completely from the political arena and its senior officers retain the ability and willingness to put pressure on

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the civilian politicians whenever events appear to be developing in a manner displeasing to the military.

Outlook

11. Prospects for political stability in Turkey during the next year or so appear to hinge largely on the ability of Prime Minister Inonu to maintain a reasonable degree of cooperation among the political parties in his coalition. The present government, spotty as its successes have been, has increasingly taken the initiative from the military establishment in dictating or in financing governmental policies, and any military coup attempt would almost certainly encounter strong, though not necessarily armed, popular resistance and would probably run afoul of determined opposition from Inonu. Under these circumstances we believe it would be difficult for any military group to muster sufficient unity of action or popular support to succeed in overthrowing an Inonu coalition.

12. <sup>Barring</sup> ~~During~~ Inonu's death which would significantly increase the possibilities of a military takeover, we believe that the present coalition can probably continue in office for another year or so and that it has a reasonable chance to survive until the normally scheduled elections in late 1965. While periodic disputes within the coalition as well as the lack of skillful and energetic leadership apart from Inonu will probably limit its effectiveness,

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none of the parties wants early elections. However, should the coalition for any reasons fail to last through 1965, its fall would likely entail new elections in view of the lack of other viable coalition alternatives.

13. We believe that in future, the RPP will be unable to increase its popular appeal significantly beyond the 35-40 percent it has won in elections since 1946. This together with the weakness of its coalition partners gives the opposition a good chance for victory in the next elections. Thus the JP, which is rapidly consolidating its hold on the heretofore dispersed remnants of Menderes' DP, might emerge with a plurality if not an outright majority in these elections. Although this would revive military sentiment to overthrow the government, the military are well aware of the wide popular opposition to their resumption of power and might be hesitant to intervene if not clearly provoked. While the JP leadership remains in an acute state of flux, it seems likely that any group that obtained control of the party would exercise great care not to alarm the military and would refrain from any moves which could be construed as favoring retaliation against the armed forces or extreme concessions to the conservative and religious elements.

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14. Over the longer term this delicate balance of forces is likely to be threatened by the changing social values as modern transportation and communications expose the peasant to Western thought and technology, and by the growing intellectual discontent in Turkey over the slow and uneven pace of the country's economic and social development. Since the 1960 coup, educated elements have felt free to look outside traditional patterns of thought for solutions to the country's problems, and this has led to growing respectability for socialist ideas. These elements are convinced that under a democratic system political demagogues and vested interests would exploit the ignorance of the peasants and workers, and that an authoritarian regime is the sole answer to Turkey's need for social and economic reforms. Although there is a right-wing manifestation of this sentiment embracing the so-called Pan Turanists, its most vigorous expression has a socialist orientation. It does not appear that either the illegal Communist party or the Soviets have any direct role in this ferment. Yet continued growth of socialist sentiment might eventually afford the Communists opportunities for political manipulation and infiltration.

15. There are already stirrings, particularly within the resurgent labor movement, toward the organization of a new political

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party to represent these ideas. They have also clearly penetrated the lower ranks of the officer corps to some extent. Indeed, the coalition leaders have judged these developments as sufficiently important to have incorporated many of the demands for "social justice" in the government's program. It is doubtful, however, that the present parties will be able to adjust their outlook enough to accommodate such demands satisfactorily.

**S-E-C-R-E-T****III. ECONOMIC SITUATION AND OUTLOOK**

16. Turkey has virtually all the natural resources necessary for substantial economic development. Adequate energy sources are available from the country's extensive coal deposits and hydroelectric potential. Moreover, recent petroleum discoveries probably will enable Turkey to produce a growing proportion of its expanding petroleum requirements. Past investments have given also Turkey a moderate industrial base and an adequate transportation system. However, agricultural resources, while sufficient for Turkey's population if properly utilized, are difficult to exploit. (The rich, well-watered coastal regions contain only a small part of Turkey's land area.] Most of the arable land lies on the less well-endowed Anatolian plateau where irrigation and more modern production methods are required in order substantially to improve yields.

17. There are, however, serious obstacles facing the small but growing segment of the population that is concerned with economic development. Traditionally the Turks have shown little interest in economic affairs, and until recent decades most of the commercial activity in the country was controlled by the minorities. While a considerable change in attitudes has developed in recent

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years, the Turkish managerial class is still not noted for its vigor or imagination. The private sector is hampered by laws and regulations which discourage initiative and growth, and most public sector enterprises are so poorly managed that they survive only through continued subsidies. Despite impressive educational progress in many fields, shortages of technical and managerial skills are still important handicaps. Finally, Turkey has a heavy foreign debt accumulated during the postwar period which will place a heavy burden on its balance of payments for many years.

(Chart on foreign debt and foreign exchange reserves)

18. The government since 1960 has been able to restore the general business confidence destroyed by the deteriorating political climate which led to the coup. The efforts at basic reform giving central monetary and fiscal authorities greater flexibility in formulating and executing economic policies have thus far been largely offset by the inefficiency of the stultifying bureaucracy, which has always been a major brake on Turkey's economic development. The stabilization program, which was applied with renewed vigor after 1960, did slow inflation and increase the country's depleted foreign exchange reserves. However, it could not overcome the lack of business confidence needed for broad economic advance,

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although Inonu's extensive efforts to reassure the private sector, combined with a good harvest, did result in a modest revival of economic activity in mid-1962.

19. More hopeful, however, has been the effort to substitute rational long-term development plans for the uncoordinated investment policies of the Menderes era. Turkey began the first of a proposed series of five-year plans at the beginning of this year. The broad aim of the 1963-1967 plan is to promote a seven percent annual growth of the GNP, which would result in a per capita increase of nearly four percent a year. Such a rate of growth would nearly double total production in a decade, and boost per capita income by about 50 percent -- to approximately \$270 annually. The plan is technically well conceived, although numerous details still need to be elaborated. Major emphasis is placed upon construction and industrial production, scheduled to increase by 67 and 57 percent respectively, with agricultural output to increase by 33 percent. The plan recognizes that to achieve these goals the proportion of GNP invested -- which has been about 13-14 percent in recent years -- will have to be increased to 18 percent.

Outlook

20. Turkey will have considerable difficulty in raising the domestic resources for such an ambitious plan. While some of the

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funds can come from holding down government spending, most of the additional resources can be obtained only through increased taxes. There are differences of view between elements of the coalition over tax policy, largely over the emphasis to be given considerations of social justice relative to those of encouraging investment, and also on the question of taxing the hitherto largely exempt -- and politically powerful -- rural sector of the economy. The presently envisaged compromise provides for tax increases without any extensive reform of the system, although a small tax on agricultural incomes has been agreed upon by the coalition. However, this will raise only about two-thirds of the additional revenue needed for Turkey to carry out the 1963 investments plan.

21. Turkey will also require large-scale foreign aid if it is to implement the plan. The Turkish government estimates it will need about \$1.8 billion in foreign economic aid during the next five years, of which about one-third will be required for external debt servicing. While Turkey probably will continue to secure large-scale foreign aid, the outlook for the immediate future is for a moderate shortfall. The consortium of Western countries which was formed to aid Turkey agreed to provide only about three-fourths of the aid needed for 1963, and a sizeable part of this

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aid is in reality short-term commercial credit which will add to the burden of Turkey's debt servicing in the near future.

22. Indeed, Turkey's needs may turn out to be somewhat greater than \$1.6 billion, largely because of Turkey's basically difficult export position. Nearly all of Turkey's exports are agricultural commodities which face chronic difficulties in international markets. In addition, the plan is predicated on the assumption that increased Turkish production of many items now imported will make possible considerable foreign exchange savings. While it seems likely that recent petroleum deposits will enable Turkey to produce a greater proportion of its growing petroleum requirements, the plan is probably too optimistic regarding the substitution of Turkish for imported manufactured goods.

23. Turkey appears to have little chance of achieving the projected seven percent rate of growth in view of the political uncertainty, shortage of both domestic resources and foreign aid, and the lack of experience in implementing a development program. Indeed, the latter may be the most significant weakness during the next few years, although in time the government may be able to implement a larger investment program effectively. During the next few years, however, an annual growth rate of 4-5 percent

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is much more likely. The largest gains -- perhaps 8 to 10 percent a year -- probably will be realized in the industrial sector, where limited investments can yield a relatively high return in view of the substantial excess capacity. In agriculture, on the other hand, productivity per acre has increased less than one percent annually during the postwar period, and most of the gain has come from expanding the area under cultivation. This process has gone beyond the optimum point already, however, and even with the increased resources that are to be devoted to agriculture production almost certainly will not increase more than three percent annually.

24. A growth rate of 4-5 percent will make possible only slow increases in living standards, since Turkey's population will continue to grow by nearly three percent annually. Under the expected pattern of growth, the major impact of development will be felt in the urban centers. Migration from the countryside to the towns probably will intensify in response to the growing pressure of population on the land and the more attractive aspects of life in urban areas. New employment opportunities probably will be inadequate to accommodate the influx, and growing ranks of the unemployed in the cities are likely to exacerbate Turkey's growing social and political problems.

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## IV. INTERNATIONAL AFFAIRS

25. Turkey is almost certain to adhere to the essentials of the anti-Communist foreign policy it has followed since World War II. The Turks continue to regard the USSR as their major enemy and NATO and the US as the only feasible sources of protection against the Soviet Bloc. While Turkey has no desire to adopt a provocative stance vis-a-vis the USSR -- particularly in view of the Soviets growing missile strength -- its firm stand in the Cuban crisis indicates that Soviet threats are likely to have little effect on Turkish foreign policy. The political parties and the military remain basically united regarding Turkey's foreign policy despite their disagreements about domestic affairs. The few groups of intellectuals advocating a more neutralist policy have gained little general acceptance of their line, and are unlikely to cause any significant shift in the country's pro-Western orientation in the foreseeable future.

26. Turkey's relations with the US will continue to be close. Indeed, Turkey's firm commitment to the West and its ties with the US were further strengthened during the Cuban crisis. However, Turkish leaders were deeply concerned about proposals equating missile bases in Turkey and Cuba. While aware that the missiles

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in their country are obsolescent, they regard these missiles as strengthening the Western commitment to Turkey. This is particularly important to the Turks in view of their fear that greater US emphasis on conventional warfare might enable the Soviets to overrun significant areas of Turkey before Western conventional forces could arrive. Thus, while Turkey would not blindly oppose the removal of the missiles, it would insist that an alternative equally valuable to Turkey be provided. In addition, there will also continue to be dissatisfaction over the level of US aid, and Turkish efforts to secure a more favorable status of forces agreement will continue. Nevertheless, <sup>we believe that</sup> awareness of the Soviet threat and of the basic community of interests between Turkey and the US will continue to be the key factors in Turkish-US relations.

27. Turkey is presently engaged in a major effort to expand its economic ties with Western Europe. Although disappointed that the European members of the consortium have not been more forthcoming in providing aid, Turkish leaders are unlikely to slacken their efforts to persuade other NATO countries that Turkey will require increased aid if its military value is not <sup>to</sup> undercut by failure to make economic progress. Equally important to the Turks is their effort to become an associate member of the European Economic Community (EEC). There is general agreement in EEC on the political

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desirability of Turkish accession, but serious economic differences remain to be resolved. Turkey would consider failure to become a member as a political and psychological set-back. In addition, the exclusion of Turkey would eventually put the country at a competitive disadvantage with respect to its agricultural exports. On balance, it seems likely that political considerations will result in some form of Turkish adherence, although the terms may not be as favorable as the Turks presently envisage.

28. Events of the past year have only served to confirm the long-standing Turkish distrust of the USSR. Soviet efforts to improve relations in recent years have been turned aside by both the military and civilians governments, and Khrushchev's attempt to link Turkish and Cuban bases were regarded by the Turks as another indication of Moscow's basic hostility. The withdrawal of strategic missiles from Turkey might encourage the Soviets to launch a new campaign seeking improved relations, but a modest increase in economic relations is probably all the Turks would be willing to permit.

29. The Atatürk tradition of reluctance to become involved in Middle East quarrels has been the theme of recent Turkish

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policy in the area. Turkey's primary concern here has been to limit the influence of Communism, and, to a lesser extent, of Nasser. While Turkish leaders now believe their country derives little direct benefit from CENTO, they will continue to support the alliance lest its disappearance be regarded as a Soviet victory. In addition, Turkey recognizes that CENTO provides a link between Iran and the West, and Turkish leaders will continue their efforts to consult with the Shah and reduce his feeling of isolation. At the same time the breakup of the UAR and the emergence of a somewhat less hostile regime in Syria has eased Turkish concern in this area, though new successes by Nasser would <sup>revive</sup> ~~renew~~ their apprehensions. On the other hand, while Turkey does not appear particularly alarmed by the successes of the Kurdish rebels in Iraq, it has recently expressed growing concern about the buildup of Soviet arms in Iraq. Although such arms in the hands of the inept Iraqi military represent no threat to Turkey, the fact that Turkey has raised this issue may indicate the Turkish are considering reappraising their previously favorable attitude toward Qasim.

30. Turkey's relations with Greece probably will remain satisfactory as long as the two countries agree on Cyprus. President Makarios recent visit to Turkey was moderately successful, but Turkey

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has become increasingly concerned about his unwillingness to implement fully the provisions of the constitution which protect the Turkish Cypriots. <sup>Turkey's</sup> ~~British~~ strongly voiced opposition to Makarios' refusal to create the separate municipalities for Greeks and Turks as called for by the constitution probably stems from apprehension that Makarios, if successful in this instance, will disregard other aspects of the constitution. Nonetheless, Turkey still is hopeful that a compromise can be reached and probably will continue to support the Cyprus settlement unless the Turkish Cypriots are grossly discriminated against or the threat of communism on Cyprus grows to the point that Turkey's strategic interests are threatened.